

VIRGINIA DEPARTMENT OF MINES, MINERALS & ENERGY

VIRGINIA GAS AND OIL BOARD

Minutes and results of Hearing, January 21, 2003

Board members present: Mr. Brent, Mr. Garbis, Mr. Harris, Mr. McIntyre, Mr. Mitchell, Mr. Ratliff, Mr. Wampler

1. The Board received a year-end report on the Board Escrow Account as administered by First Union Bank, Escrow Agent for the Board.

Year-end balance of the escrow account was \$6,988,647.25. Totals for the year 2002 included deposits of \$745,221.34, interest, \$94,376.61, disbursements, \$63,603.87, and bank fees of \$60,000.00. The bank fees are set by contract at \$5,000 per month, and are withdrawn from the account on a semi-annual basis.

2. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of a conventional well V-505369. Lipps District, Wise Co., VA. VGOB-02-11/19-1101. Continued from November 2002.

The petition was continued to March at the request of the applicant.

3. The Virginia Gas and Oil Board considered a petition from Columbia Natural Resources, Inc. for pooling of conventional gas unit CNR 24655, Rock Lick District, Buchanan Co., VA. VGOB-02-06/18-1038. Continued from December

The applicants request to withdraw the petition was approved.

4. The Virginia Gas and Oil Board considered a petition from Columbia Natural Resources, Inc. for pooling of conventional gas unit CNR 24629, Rock Lick District, Buchanan Co., VA. VGOB-02-06/18-1039. Continued from December.

The applicants request to withdraw the petition was approved.

5. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for a well location exception for proposed well P-550451 Ervinton District, Dickenson Co., VA. VGOB-03-01/21-1110.

The applicant seeks an exception in order to drill a conventional well closer to two existing wells than allowed under statewide spacing. The well is to be 236 feet closer to gas well P-15, and 612 feet closer to gas well CCC-121 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. A permit application has been submitted. The location exception was approved.

6. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of conventional gas unit V-502738, Lipps District, Wise Co., VA. VGOB-03-01/21-1111.

In the V-502738 conventional gas unit, the applicant controls 98.2% of the oil and gas interests, and seeks to pool the remaining 1.8% of the interests. Unleased acreage subject to pooling totals 1.98 acres in one tract having one unleased owner. There are no unlocated owners subject to escrow. A permit to drill the unit was issued on 12/9/02. Pooling was approved.

7. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of conventional gas unit V-502130, Lipps District, Wise Co., VA. VGOB-03/01/21-1112.

In the V-502130 conventional gas unit, the applicant controls 94.1% of the oil and gas interests, and seeks to pool the remaining 5.9% of the interests. Unleased acreage subject to pooling totals 6.0 net acres in two tracts having two unleased owner. There are no unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

8. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for a well location exception for proposed well V-505252, Lipps District, Wise Co., VA. VGOB-03-01/21-1113.

The applicant seeks an exception in order to drill a conventional well closer to two existing wells than allowed under statewide spacing. The well is to be 114 feet closer to gas well 133796, and 336 feet closer to gas well V-2716 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. No permit application has been submitted. The location exception was approved.

9. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of conventional gas unit V-505252, Lipps District, Wise Co., VA. ,VGOB-03-01/21-1114.

In the V-505252 conventional gas unit, the applicant controls 99.99% of the oil and gas interests, and seeks to pool the remaining 0.01% of the interests. Unleased acreage subject to pooling totals 0.008 net acres in one tract having four unleased owner. There are unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

10. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for modification of Nora Field Order to allow for combining four existing units into a single provisional unit for drilling of a horizontal CBM well, Castlewood District, Russell Co., Va. VGOB 89-0126-009-02

The applicant wishes to develop Nora Field coalbed methane production using horizontal drilling technology, and is requesting that Nora Field rules be modified to allow for the combining of four existing units into a single producing unit to facilitate that development. Rule modification will also be necessary to allow for more than one well per existing unit. If a test well in the provisional unit is successful, the applicant will have to re-appear before the Board to request a general modification of the field rules before development can proceed. The provisional unit was approved.

11. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for modification of Oakwood I Field Order to allow for combining four existing units into a single provisional unit for drilling of a horizontal CBM well, Garden District, Buchanan Co., Va. VGOB 93-1316-0348-04

The applicant wishes to develop Oakwood Field coalbed methane production using horizontal drilling technology, and is requesting that Oakwood I Field rules be modified to allow for the combining of four existing units into a single producing unit to facilitate that development. Rule modification will also be necessary to allow for more than one well per existing unit. If a test well in the provisional unit is successful, the applicant will have to re-appear before the Board to request a general modification of the field rules before development can proceed. The provisional unit was approved.

The deadline for filing of petitions to the Board for the February 2003 hearing is 5 p.m., January 17, 2003 with the hearing scheduled for 9 a.m., Tuesday, February 18, 2003 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.